

Return of the Colorados

A tobacco magnate promises change in one of South America's poorest countries



IN 2008 Paraguayans got their first taste of an alternation of power in six decades, when Fernando Lugo, a left-wing former priest, wrested the presidency from the conservative Colorado Party, which had been in power since 1947. On April 21st voters put a Colorado back in the top job. Horacio Cartes, whose business empire spans banking, farming, tobacco and football, is a political neophyte who had never voted before and only joined the Colorados in 2009. He defeated Efraín Alegre of the Liberal Party, which had allied itself with Mr Lugo in 2008, by 46% to 37%. Colorados also did well in Congress and were expected to win most of the 17 governorships. Aníbal Carrillo, the candidate of Mr Lugo's Frente Guasu movement, got just 3%.

Promising a "new direction for Paraguay", Mr Cartes managed the remarkable feat of presenting himself as the candidate of change. He vowed to break with the corruption and clientelism that have long characterised Colorado rule and to upgrade the country's roads, river ports, airports and power lines, which are in a precarious state. Though Paraguay is one of the world's biggest producers of hydropower, the first of the televised debates between the candidates was marred by power cuts. Mr Cartes has promised to keep his public and private interests separate, revealing after the election that control of his companies had passed to his sister.

Mr Cartes's pre-election appearances were mostly stage-managed (though in a rare radio interview he likened gays to monkeys, a remark for which he apologised after winning). He left aides to brush off awkward questions about his past. He spent time in jail in 1989 on suspicion of currency fraud. A plane loaded with drugs was found on his land in 2000. In 2004 Brazil's Congress accused him of cigarette-smuggling. A leaked American embassy cable sent in 2010 accused him of laundering drug money. He protests his innocence and has never been convicted of a crime.

Mr Cartes's first test will be whether he can put such rumours behind him. His second will be to gain readmission to Mercosur, a regional trade body which suspended Paraguay after Mr Lugo's lightning impeachment last June. That followed a clash between police and peasant farmers which left 17 dead, for which Mr Lugo got the blame. Liberals and Colorados had been looking for an excuse to get rid of him for months. "The Liberals betrayed us," Mr

Carrillo says now. Mr Lugo was a poor leader, Liberals retort, who gave his allies too little space in government.

The impeachment, though rushed, was legal. Thirty-five years under a (Colorado) dictatorship inspired a constitution granting Paraguay's lawmakers powers rarely seen in countries with directly elected presidents. But Brazil's left-wing government, outraged by what it saw as the old guard booting out a social reformer, persuaded Mercosur's other members to suspend Paraguay, citing a "breach of the democratic order". The group promptly admitted Venezuela, a move Paraguay's right-leaning Congress had blocked.

Mr Cartes has struck a conciliatory tone, saying Venezuela could be a "huge market" for Paraguay. Privately, aides say that the death of Venezuela's former president, Hugo Chávez, removed their main objection. If its Congress does ratify Venezuela's entry, Paraguay should rejoin after Mr Cartes takes office in August.

Paraguay's tax burden, at 12.1% of GDP, is lower than anywhere in South America except Venezuela, where oil revenues fill the gap. It is also regressive, falling mostly on consumption. That, together with government inefficiency and corruption, means poor infrastructure, gaping inequality and no social safety-net.

Mr Lugo fell short of his promises of land redistribution and social justice (not least because Congress opposed him). But he built dozens of health-care centres, gave cash to poor families that sent their children to school and had them vaccinated, and filled some public-sector jobs via competitive examination for the first time. Federico Franco, the Liberal who replaced Mr Lugo after he was impeached, got Congress to pass a long-delayed law levying a modest tax on very high incomes.

Mr Cartes will also struggle to keep his election promises. His infrastructure pledges constitute a wishlist, not a plausible plan. His clientelist party will oppose filling senior government jobs on merit. Colorado-affiliated unions will try to block private-sector participation in public services. The big test of Paraguay's next president will be whether his "new direction" follows the halting progress of his recent predecessors, or is a return to the country's misgoverned past.

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